

Message Text

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ACTION ARA-10

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC IMMEDIATE 5435

C O N F I D E N T I A L CARACAS 8101

LIMDIS

TAGS: ENRG, VE

E.O. 11652: GDS

SUBJ: FEA STUDY IN VENEZUELA

REF: (A) CARACAS 7976 (B) CARACAS 8080

1. IN COMPLIANCE WITH REQUEST OF MINISTER OF MINES AND
HDDROCARBONS VALENTIN HERNANDEZ, ROBERT DOLPH OF CREOLE
DELIVERED FOLLOWING MEMORANDUM TO MINISTER ON SUBJECT OF
DOLPH'S MEETING WITH ROBERT KRUEGER. EXTRANEIOUS WORDS
HAVE BEEN OMMITED.

2. BEGIN MEMORANDUM. AT MR KRUEGER'S REQUEST, HE MET
WITH MR DOLPH ON JULY 11, 1974, FOR A LITTLE MORE THAN ONE HOUR.
KRUEGER WAS ACCOMPANIED BY ONE OF HIS ASSISTANTS. KRUEGER
SAID HE WAS VISITING IN CARACAS AS A MEMBER OF THE LOS DELEGATION
AND DEISRED TO TAKE ADVANTAGE OF THE OPPORTUNITY TO WORK ALSO
ON A STUDY HE WAS PREPARING AS A CONSULTANT WITH FEA FOR THE USG.
AT THE BEGINNING OF THE INTERVIEW, KRUEGER SHOWED DOLPH A MEMORANDUM
OF SIX PAGES ENTITLED "SOMETHING LIKE" PLAN OF STUDY OF THE OPTIONS
OF THE USG WITH RESPECT TO THE US PETROLEUM INDUSTRY IN THE WORLD
CONTEXT. THIS WAS THE FIRST OCCASION THAT DOLPH SAW THIS
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MEMORANDUM.

3. KRUEGER SAID TO DOLPH THAT THE REASON HE HAD REQUESTED THE MEETING WAS TO DISCUSS THE VARIOUS ALTERNATIBES THAT THIS STUDY SHOULD

COVER AND TO OBTAIN COMMENTS FROM DOLPH WITH REFERENCE TO THESE ALTERNATIVES. KRUEGER SAID THAT HE INTENDED TO HAVE SIMILAR MEETINGS WITH OTHER PETROLEUM EXECUTIVES, AND WITH A NUMBER OF GOV FUNCTIONARIES IN ORDER TO OBTAIN THEIR COMMENTS ABOUT THE VARIOUS ALTERNATIVES HE WAS STUDYING

4. KRUEGER AND DOLPH THEN REVIEWED THE STUDY PLAN FOR APPROXIMATELY ONE HOUR, DURING WHICH DOLPH EXPRESSED HIS OPINIONS ON THE VARIOUS POSSIBILITIES POSED ON THE WORLD SCALE. THE DISCUSSION WAS VERY CORDIAL AND FRANK.

5. KRUEGER THEN SHOWED DOLPH A LIST OF OTHER PERSONS HE WAS THINKING OF VISITING IN CARACAS, INCLUDING THE NAMES OF SEVERAL SENIOR OFFICIALS IN THE GOV. DOLPH SUGGESTED VARIOUS ADDITIONAL NAMES OF PERSONS WHO COULD ADD USEFUL INFORMATION AND WHOM KRUEGER WOULD BE ABLE TO INTERVIEW.

6. IN THE COURSE OF AN OPEN EXCHANGE OF POINTS OF VIEW, AS DESIRED BY KRUEGER, DOLPH EXPRESSED HIS PERSONAL OPINION THAT IT WAS NOT THE OPPORTUNE MOMENT FOR KRUEGER TO MEET WITH THE VENEZUELAN OFFICIALS HE HAD ON HIS LIST, OWING TO THE TENSE ATMOSPHERE

IN VENEZUELA PREVAILING AS A RESULT OF BENNETT'S TESTIMONY IN WASHINGTON, TWO DAYS EARLIER.

7. DOLPH EXPRESSED THE FACT THAT THE BENNET TESTIMONY HAD BEEN RECEIVED IN A NEGATIVE FORM IN VENEZUELA, HAVING BEEN INTERPRETED AS A THREAT TO VENEZUELA AND TO OTHER PETROLEUM PRODUCING COUNTRIES. DOLPH SAID THAT HE FEARED THAT UNDER SUCH CONDITIONS AN APPRECIABLE RISK EXISTED THAT KRUEGER'S DISCUSSIONS WITH VENEZUELAN OFFICIALS COULD BE INERPRETED IN THE SENS SENSE TO REFLECT ADDITIONAL PRESSURE FROM THE USG.

8. DOLPH TOLD KRUEGER THAT IN CASE SUCH CONVERSATIONS RESULTED IN AN EVEN MORE SERIOUS DETERIORATION OF THE CLIMATE WHICH BENNETT'S CONFIDENTIAL

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TESTIMONY CREATED, WITHOUT SUCH AN INTENTION ON THE PART OF KRUEGER, THE EFFECT COULD BE TO MAKE MORE DIFFICULT THE EFFORTS TO DEFINE A FUTURE MUTUALLY SATISFACTORY ARRANGMENT BETWEEN THE COMPANY AND THE GOVERNMENT WHITHIN THE PLAN ALREADY ANNOUNCED BY THE GOVERNMENT FOR NATIONALIZING THE PETROLEUM INDUSTRY. FOR THIS REASON, IN THE PERSONAL OPINION OF DOLPH, THE CONTACTS THAT KRUEGER HAD THOUGHT OF MAKING WITH GOV OFFICIALS WERE NOT OPPORTUNE AT THAT MOMENT.

9. THE MEETING BETWEEN KRUEGER AND DOLPH ENDED WITH A CONVERSATION ABOUT A POSSIBLE VISIT OF KRUEGER TO THE PRODUCTION INSTALLATIONS OF CREOLE IN LAKE MARACAIBO.

10. SEVERAL DAYS LATER, DURING A SOCIAL OCCASION, DOLPH HAD A CASUAL CONVERSATION WITH THE US AMBASSADOR IN VENEZUELA. THE AMBASSADOR ASKED IF DOLPH HAD MET WITH KRUEGER, TO WHICH DOLPH RESPONDED AFFIRMATIVELY, ADDING THAT HE HAD MENTIONED TO KRUEGER THAT IN HIS PERSONAL OPINION THE APPOINTMENTS PLANNED (BY KRUEGER) WITH GOV OFFICIALS WERE NOT OPPORTUNE FOR THE MOMENT, IN VIEW OF THE TENSE ATMOSPHERE RESULTING FROM BENNETT'S TESTIMONY. DATED AUGUST 20, 1974. END OF MEMORANDUM.
MCCLINTOCK

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